

The Gazette of India



EXTRAORDINARY
PART II—Section 2
PUBLISHED BY AUTHORITY

No. 11] NEW DELHI, MONDAY APRIL 30, 1962/VAISAKHA 10, 1884

LOK SABHA

The following Bill was introduced in Lok Sabha on the 30th April, 1962:—

*BILL No. 34 OF 1962

A Bill to provide for the incorporation and regulation of a corporation for the purpose of development of agricultural produce and certain other commodities on co-operative principles and for matters connected therewith.

BE it enacted by Parliament in the Thirteenth Year of the Republic of India as follows:—

1. (1) This Act may be called the National Co-operative Development Corporation Act, 1962.

5 (2) It extends to the whole of India except the State of Jammu and Kashmir.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In this Act, unless the context otherwise requires,—

Definitions.

10 (a) "agricultural produce" means any of the following classes of commodities, namely:—

(i) foodstuffs, including edible oil-seeds;

(ii) cattle fodder, including oil-cakes and other concentrates;

15 (iii) raw cotton, whether ginned or unginned and cotton seed;

*The President has, in pursuance of clauses (1) and (3) of article 117 of the Constitution of India, recommended to Lok Sabha the introduction and consideration of the Bill.

(iv) raw jute; and

(v) vegetable oils;

(b) "Central Warehousing Corporation" means the Central Warehousing Corporation established under section 17 of the Agricultural Produce (Development and Warehousing) Corporations Act, 1956;

28 of 1956.

(c) "co-operative society" means a society registered or deemed to be registered under the Co-operative Societies Act, 1912 or under any other law with respect to co-operative societies for the time being in force in any State, which is engaged in any of the activities specified in sub-section (1) of section 9 and includes a co-operative land mortgage bank;

(d) "Corporation" means the National Co-operative Development Corporation established under section 3;

(e) "notified commodity" means any commodity (other than agricultural produce) which the Central Government may, by notification in the Official Gazette, declare to be a notified commodity for the purposes of this Act, being a commodity with respect to which Parliament has power to make laws by virtue of entry 33 in List III in the Seventh Schedule to the Constitution;

(f) "prescribed" means prescribed by rules made under this Act;

(g) "Reserve Bank" means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934;

2 of 1934.

(h) "State Bank" means the State Bank of India constituted under the State Bank of India Act, 1955;

23 of 1955.

(i) "year" means the financial year.

Establishment of the National Co-operative Development Corporation.

3. (1) The Central Government shall, by notification in the Official Gazette, establish with effect from such date as may be specified in the notification, a Corporation by the name of the National Co-operative Development Corporation which shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract, and may, in the said name, sue and be sued.

(2) The head-office of the Corporation shall be in New Delhi.

(3) The Corporation shall consist of the following members, namely:—

(i) nine members representing the Central Government, to be nominated by that Government in such manner as may be prescribed;

(ii) one representative of the Reserve Bank, to be nominated by the Reserve Bank;

(iii) one representative of the State Bank, to be nominated by the State Bank;

5 (iv) one representative of the Central Warehousing Corporation, to be nominated by that Corporation;

(v) eight non-officials nominated by the Central Government of whom—

10 (a) one shall be a representative of the National Co-operative Union of India;

(b) one shall be a person who has special knowledge of co-operative education;

(c) one shall be a person who has special knowledge of rural economics; and

15 (d) five shall be persons recommended by State Governments on a zonal basis in consultation with non-official co-operative organisations in the States in accordance with rules made under this Act.

20 (4) A member of the Corporation nominated by the Central Government may be nominated by virtue of office.

(5) There shall be a Chairman and a Vice-Chairman of the Corporation who shall be chosen from among the members in such manner as may be prescribed.

25 4. A person shall be disqualified for being chosen as, and for being, a member of the Corporation—

(i) if he is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors; or

30 (ii) if he is or has been convicted of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months, unless a period of five years has elapsed from the date of expiry of the sentence; or

(iii) if he is a salaried official of the Corporation.

35 5. (1) The term of office of members of the Corporation and the manner of filling vacancies among members shall be such as may be prescribed.

(2) Any member of the Corporation other than an *ex officio* member may resign his office by giving notice in writing to the Central Government and on such resignation being accepted, he shall be deemed to have vacated his office.

Disqualifications for being a member of Corporation.

Term of office of members of Corporation.

Removal
from office
of member,
etc.

6. The Central Government may, at any time, remove from office any member other than an *ex officio* member of the Corporation after giving him a reasonable opportunity of showing cause against the proposed removal.

Meetings,
etc., of Cor-
poration.

7. (1) The Corporation shall meet at such times and places and shall, subject to the provisions of sub-sections (2) and (3), observe such procedure in regard to transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act. 5

(2) The Chairman or, in his absence, the Vice-Chairman or, in the absence of both the Chairman and the Vice-Chairman, any member chosen by the members present from amongst themselves, shall preside at a meeting of the Corporation. 10

(3) All questions at a meeting of the Corporation shall be decided by a majority of votes of the members present and voting, and in the case of an equality of votes, the Chairman or, in his absence, the Vice-Chairman or, in the absence of both the Chairman and the Vice-Chairman, the person presiding shall have and exercise a second or casting vote. 15

Officers and
other em-
ployees of
Corporation.

8. (1) The Central Government shall, in consultation with the Corporation, appoint a person to be the Secretary of the Corporation. 20

(2) Subject to such rules as may be made by the Central Government in this behalf, the Corporation may appoint such other officers and employees as it considers necessary for the efficient performance of its functions. 25

(3) The methods of appointment, the conditions of service and the scales of pay of the officers and other employees of the Corporation shall,—

(a) as respects the Secretary, be such as may be prescribed; and 30

(b) as respects the other officers and employees, be such as may be determined by regulations made by the Corporation under this Act.

Functions of
Corporation.

9. (1) Subject to the provisions of this Act, the functions of the Corporation shall be to plan and promote programmes for the production, processing, marketing, storage, export and import of agricultural produce and notified commodities through co-operative societies. 35

(2) In particular and without prejudice to the generality of the foregoing provision, the Corporation may—

5 (a) advance loans or grant subsidies to State Governments for financing co-operative societies and for employment of staff for implementing programmes of co-operative development;

(b) provide funds to State Governments for financing co-operative societies for the purchase of agricultural produce and notified commodities on behalf of the Central Government;

10 (c) plan and promote programmes through co-operative societies for the supply of seeds, manures, fertilizers, agricultural implements and other articles for the development of agricultural produce.

61 of 1956. (3) The Corporation shall so exercise its functions under this section as not to interfere with the activities of the Khadi and Village Industries Commission established under the Khadi and Village Industries Commission Act, 1956.

10. (1) There shall be an Executive Committee of the Corporation which shall consist of the following members, namely:—

Executive
Committee
of Corpora-
tion.

(a) the Vice-Chairman of the Corporation;

20 (b) three members nominated by the Central Government in such manner as may be prescribed, from among the members of the Corporation referred to in clause (i) of sub-section (3) of section 3;

25 (c) the representative of the Reserve Bank nominated under clause (ii) of sub-section (3) of section 3;

(d) two members nominated by the Central Government from among the members of the Corporation referred to in clause (v) of sub-section (3) of section 3.

30 (2) (a) The Vice-Chairman of the Corporation shall be the Chairman of the Executive Committee.

(b) The Vice-Chairman of the Executive Committee shall be nominated in such manner as may be prescribed, from among the members referred to in clause (b) of sub-section (1).

35 (3) Subject to the general control, direction and superintendence of the Corporation, the Executive Committee shall be competent to deal with any matter within the competence of the Corporation.

(4) The Executive Committee shall meet at such times and at such places and shall observe such procedure in regard to transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act. 5

(5) The minutes of every meeting of the Executive Committee shall be laid before the Corporation at its next following meeting.

Other committees.

11. The Corporation may constitute such other committees for general or special purposes as it deems necessary for the efficient performance of its functions under this Act. 10

Grants by the Central Government to Corporation.

12. The Central Government shall, after due appropriation made by Parliament by law in this behalf, pay to the Corporation—

(a) by way of grant each year, such sum of money as is required by the Corporation for giving subsidies to State Governments and for meeting its administrative expenses; and 15

(b) by way of loan, such sum of money on such terms and conditions as the Central Government may determine.

Corporation to maintain fund.

13. (1) The Corporation shall maintain a fund called the National Co-operative Development Fund (hereinafter referred to as the Fund) to which shall be credited— 20

(a) all moneys and other securities transferred to it under clause (a) of sub-section (2) of section 24;

(b) the grants and other sums of money by way of loans paid to the Corporation by the Central Government under section 12;

(c) such additional grants, if any, as the Central Government 25 may make to the Corporation for the purposes of this Act; and

(d) such sums of money as may, from time to time, be realised out of repayment of loans made from the Fund or from interest on loans or dividends on investments made from the Fund. 30

(2) The moneys in the Fund shall be applied for—

(a) advancing loans and granting subsidies to State Governments on such terms and conditions as the Corporation may deem fit for the purpose of enabling State Governments to subscribe to the share capital of co-operative societies or for otherwise 35 financing co-operative societies;

(b) meeting the pay and allowances of the officers and other employees of the Corporation and other administrative expenses of the Corporation; and

(c) carrying out the purposes of this Act.

(3) All moneys in the Fund shall be deposited in the Reserve Bank or the State Bank.

14. (1) The Corporation shall furnish to the Central Government Returns and reports.
 5 at such times and in such form and manner as may be prescribed or as the Central Government may direct, such returns and statements and such particulars in regard to the discharge of its functions under this Act as the Central Government may, from time to time, require.

(2) Without prejudice to the provisions of sub-section (1), the
 10 Corporation shall, as soon as possible, after the end of each year, submit to the Central Government a report, in such form and manner and before such date as may be prescribed, giving a true and full account of its activities, policy and programme during the previous year.

15 (3) A copy of the report received under sub-section (2) shall be laid before both Houses of Parliament.

15. In all matters including matters of policy, the Corporation shall be guided by such directions as may be given to it by the Directions by Central Government.
 Central Government.

20 16. (1) The Corporation shall prepare before the commencement of each year a statement of programme of its activities during the forthcoming year as well as a financial estimate in respect thereof. Submission of programme of activities and financial estimates.

(2) A statement prepared under sub-section (1) shall, not later than three months before the commencement of each year, be sub-
 25 mitted to the Central Government for approval.

17. (1) The Corporation shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in Accounts of Board and audit.
 such form as may be prescribed in consultation with the Comptroller and Auditor-General of India.

30 (2) The account of the Corporation shall be audited annually by the Comptroller and Auditor-General of India or any person authorised by him in this behalf and any expenditure incurred in connection with such audit shall be payable by the Corporation.

(3) The Comptroller and Auditor-General of India and any person
 35 authorised by him in connection with the audit of the accounts of the Corporation shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General

nas in connection with the audit of Government accounts and in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any office of the Corporation.

(4) The accounts of the Corporation certified by the Comptroller⁵ and Auditor-General of India or any other person authorised by him in this behalf together with an audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before both Houses of Parliament.

Vacancies, etc., not to invalidate acts and proceedings of the Corporation. 18. No act or proceeding of the Corporation shall be invalid by¹⁰ reason only of the existence of any vacancy among its members or any defect in the constitution thereof.

Delegation. 19. The Corporation may, by general or special order in writing, delegate to the Chairman or the Vice-Chairman or any other member or any officer of the Corporation subject to such conditions and¹⁵ limitations, if any, as may be specified in the order such of its powers and functions under this Act as it may deem necessary.

Declaration of fidelity and secrecy. 20. Every member, auditor, officer or other employee of the Corporation shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Schedule. 20

Dissolution of Corporation. 21. (1) The Central Government, if it is of opinion that the Corporation has failed to carry out its functions under this Act or that for any other reason it is not necessary to continue the Corporation, may, by notification in the Official Gazette, dissolve the Corporation from such date as may be specified in the notification. 25

(2) When the Corporation is dissolved under sub-section (1),—

(a) all members of the Corporation shall, from the date of dissolution, vacate their offices as such members;

(b) all powers and duties of the Corporation shall, as from the date of dissolution, be exercised and performed by the Central³⁰ Government or such person or persons as the Central Government may appoint in this behalf;

(c) all moneys and other properties of the Corporation shall vest in the Central Government.

ower to make rules. 22. (1) The Central Government may, by notification in the Official³⁵ Gazette, make rules to carry out the purposes of this Act.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for—

5 (a) the manner in which representatives of the Central Government shall be nominated under clause (i) of sub-section (3) of section 3;

(b) the zonal basis on which non-officials may be recommended under sub-clause (d) of clause (v) of sub-section (3) of section 3;

10 (c) the manner in which the Chairman and the Vice-Chairman of the Corporation shall be chosen;

(d) the term of office of members of the Corporation and the manner of filling vacancies among them;

(e) the methods of appointment, the conditions of service and the scale of pay of the Secretary to the Corporation;

15 (f) the manner in which the members shall be nominated under clause (b) of sub-section (1) of section 10 and the manner in which the Vice-Chairman of the Executive Committee shall be nominated under clause (b) of sub-section (2) of that section;

20 (g) the returns, statements and other particulars in regard to the discharge of its functions to be furnished by the Corporation to the Central Government;

25 (h) the form and the manner in which, and the time within which, the Corporation shall furnish to the Central Government returns, statements and other particulars with regard to the discharge of its functions;

(i) the form and the manner in which, and the time within which, the Corporation shall furnish to the Central Government a report of its activities, policy and programme;

(j) any other matter which has to be, or may be, prescribed.

30 (3) Every rule made under this section shall be laid as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both
35 Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under
40 that rule.

Power of
Corporat on
to make
regulations.

23. (1) The Corporation may, with the previous sanction of the Central Government, by notification in the Official Gazette, make regulations not inconsistent with this Act and the rules made thereunder, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act. 5

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for—

(a) the manner in which meetings of the Corporation, the Executive Committee and other committees thereof shall be convened, the fees for attending such meetings and the procedure to be followed thereat; 10

(b) the methods of appointment, the conditions of service and the scales of pay of the officers (other than the Secretary) and other employees of the Corporation; 15

(c) the duties and conduct of officers and other employees of the Corporation; and

(d) any other matter in respect of which the Corporation is empowered or required to make regulations under this Act.

(3) The Central Government may, by notification in the Official Gazette, rescind any regulation which it has sanctioned and thereupon the regulation shall cease to have effect. 20

Repeal and
saving.

24. (1) With effect from the date on which the Corporation is established under section 3, the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, shall, in so far as it relates to the National Co-operative Development and Warehousing Board, stand repealed. 25 28 of 1956.

(2) Notwithstanding such repeal,—

(a) all moneys and other securities belonging to the National Co-operative Development Fund which, immediately before the said date, was maintained by the National Co-operative Development and Warehousing Board established under the repealed Act (hereinafter referred to as the said Board), shall stand transferred to, and be maintained by, the Corporation established under section 3 of this Act; 30 35

(b) all moneys and other securities belonging to the National Warehousing Development Fund which, immediately before the said date, was maintained by the said Board under the repealed Act, shall stand transferred to and be maintained by the Central Warehousing Corporation; 40

(c) all shares in the capital of the Central Warehousing Corporation held by the said Board shall stand transferred to the Central Government subject to the same liabilities as to payment of unpaid calls on such shares as the said Board was subject to;

5 (d) anything done or any action taken (including any loan advanced, subsidy granted and appointment, delegation, rule or regulation made) under the repealed Act shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under this Act; and

10 (e) all rights, liabilities and obligations of the said Board, whether arising out of any contract or otherwise, shall be the rights, liabilities and obligations respectively of the Corporation established under section 3 of this Act.

THE SCHEDULE

15 (See section 20)

DECLARATION OF FIDELITY AND SECRECY

1.....declare that I will faithfully, truly and to the best of my judgment, skill and ability execute and perform the duties which are required of me as a member, officer, employee or
20 auditor (as the case may be) of the National Co-operative Development Corporation and which properly relate to the office or position in the said Corporation held by me.

I further declare that I will not communicate or allow to be communicated to any persons not legally entitled thereto any information
25 relating to the affairs of the said Corporation nor will I allow any such persons to inspect or have access to any books or documents belonging to, or in the possession of, the Corporation and relating to the business of the Corporation.

Signature

30

Signature

Signature

Signed before me

Date

STATEMENT OF OBJECTS AND REASONS

The National Co-operative Development and Warehousing Board and the Central Warehousing Corporation were set up as two inter-dependent bodies under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, the former being in over-all charge of all aspects of development (including Warehousing) of agricultural produce on co-operative principles. Both the bodies were under the administrative control of the Ministry of Food and Agriculture. Subsequently, there has been a re-allocation of business by which the administrative control of the National Co-operative Development and Warehousing Board has been transferred to the Ministry of Community Development and Co-operation while the administrative control of the Central Warehousing Corporation continues to be in the Ministry of Food and Agriculture. The two bodies are thus under the administrative control of two different Ministries. In the altered situation and in the interest of the better functioning of the two bodies and for administrative convenience, it is considered that the two bodies should function independently under separate enactments. The present Bill accordingly provides for the establishment of the National Co-operative Development Corporation in the place of the existing National Co-operative Development and Warehousing Board.

The new Corporation will continue to perform more or less the same functions as the existing Board, but the Corporation shall cease to be a shareholder in the Central Warehousing Corporation and all shares held by the existing Board in the Central Warehousing Corporation and all liabilities as to the payment of unpaid calls on such shares shall stand transferred to the Central Government; the Warehousing Fund which is now administered by the Board will stand transferred to and be maintained by the Central Warehousing Corporation.

Opportunity has been taken to incorporate some minor changes in the constitution of the Corporation and also to empower it to appoint Committees for general or special purposes.

S. K. DEY.

NEW DELHI;
The 16th April, 1962.

FINANCIAL MEMORANDUM

Under clause 12 of the Bill, the Central Government will pay to the National Co-operative Development Board each year a grant having regard to its actual requirements. The Central Government will also give to the Board loans prescribing the terms and conditions. These payments will be made after due appropriation made by Parliament by law.

Clause 13 provides for the creation of a Fund into which all the money received by the Board will be credited. The resources of the Fund will be utilised for advancing loans and granting subsidies and for meeting the administrative expenses of the Board. Under clause 17 of the Bill, the Board shall maintain proper accounts, and other relevant records, and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor General of India. The clause also provides for annual audit by the Comptroller and Auditor General of India or any person authorised by him and for the accounts of the Board together with an audit report thereon being furnished annually to the Central Government who will cause the same to be laid before both Houses of Parliament. Under clause 24(2) (a) all moneys and other securities belonging to the Development Fund which immediately before the amendment of the Act was maintained by the Board shall be transferred to and be maintained by the new Corporation.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 22 of the Bill empowers the Central Government to make rules to carry out the purposes of the Act. The various matters for which the rules may provide are specified in sub-clause (2) of that clause. These matters relate to the manner of nomination of the representatives of the Central Government, the term of office of members of the Corporation, the appointment and conditions of service of the Secretary and the other staff of the Corporation and other matters of a routine or administrative character.

Similarly, clause 23 enables the Corporation to make regulations not inconsistent with the Act or the rules made thereunder for the purpose of giving effect to the provisions of the Act. The matters which may be provided for by the regulations relate to procedural or administrative details.

The delegation of legislative power is thus of a normal character.

M. N. KAUL,
Secretary.